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SUBJECT: VERACRUZ: ALL EYES ON 2010 ELECTION

¶1. (SBU) Summary. Poloff traveled to Veracruz State in early October to meet with state officials, opposition politicians, and civil society representatives to discuss local conditions in the run-up to state governor and local congressional elections next year. The major parties are already in full campaign mode, seeking to demonstrate strength and gain governorships ahead of the 2012 presidential election. Outgoing Governor Herrera of the Institutional Revolutionary Party (PRI), widely criticized as undemocratic and overly controlling of the state's political landscape, will aim to play a key role in the state election in an effort to heighten his influence in the party and advance his well-known presidential aspirations. The campaign will probably be largely determined by the efficiency of the PRI machine, but discontent about the economy may also play a role: Veracruz suffers from high levels of poverty and has been hit hard by the economic downturn. While organized crime is less of an issue than in other states, efforts on security and human rights fronts still appear tepid at best. End Summary.

Consolidating PRI Power, Governing Like the Bad Old Days

¶2. (SBU) Governor Fidel Herrera Beltran of the PRI barely defeated his National Action Party (PAN) opponent in 2004 and since then has worked to consolidate PRI control of the state. He led the party to significant victories in elections for local deputies and mayors in 2007 and for federal deputies in 2009. Though Veracruz has always been governed by the PRI, it has been a battleground over the past two decades, as the PAN gained strength and took control of important cities like the port of Veracruz and Boca del Rio. The leftist Convergencia Party is also strong in Veracruz, led by PRI deserter and former governor Dante Delgado. However, opposition strength has dwindled since Herrera took office, partly because of systematic intimidation of the opposition and questionable campaign and election tactics by the PRI, according to opposition politicians and political analysts in the state. Secretary of Government Reynaldo Escobar Perez told Poloff the PRI plans to win the governorship, the 212 mayorships and all 30 local deputy positions in next year's elections. (It currently holds 155 and 28 of those positions, respectively.) This thinking permeated meetings with PRI state officials who repeatedly asserted that a PRI landslide will benefit the people of Veracruz by making the state more "governable."

¶3. (SBU) Hoping to prevent a close race and with an eye toward his legacy and national ambitions, Herrera plans to impose a young protégé, Javier Duarte, as the PRI

gubernatorial candidate. Herrera's domineering approach, however, has alienated some PRI members who claim he is marginalizing more experienced and electable PRI politicians. His control of the state legislative process also rankles some in the party who complain that Herrera must approve each bill before it is even introduced. Local political analysts and academics who initially supported his campaign have also become somewhat disillusioned, frustrated by his politically motivated moves: meddling in the operation of universities, seeking control of the state's newspapers, and buying off taxi drivers and other influential constituencies.

14. (SBU) Despite the disillusionment of some, Herrera remains popular throughout the state, thanks to an effective marketing strategy directed by a US firm, as well as his personal charisma and political skill. Herrera has branded himself the "bridge governor," constructing over 400 during his term; he labels each with the word "Fidelidad"-- a play on his first name and the word "faithfulness," as well as the slogan of the state PRI. This strategy of blurring the line between the party and the administration extends to painting bridges and all public buildings red, the defining color of the PRI in Veracruz. He also demonstrated his political skill and ability to spin situations to his advantage when a young boy in Veracruz was confirmed to have the first case of H1N1 in Mexico. Herrera erected a statue to this so-called "Child Zero" in the boy's village and extolled the virtues of the Veracruz health system which he claims saved the boy's life. Images of the governor and his wife are splashed across the state, and officials often cite Herrera's natural skills as a politician and his qualifications--including speaking

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English, Portuguese, and French--to be a player on the national and international stage. While Herrera may have national aspirations, he will more likely be a kingmaker during the selection of the PRI candidate for 2012. His bloc of 20 deputies in the federal Congress and his role as one of the party's most prominent governors provide him with some influence and possibly a high-level position within a PRI administration, but he does not have enough strength to compete against more powerful candidates like Mexico State Governor Enrique Pena Nieto, PRI President Beatriz Paredes, and Senator Manlio Beltrones.

15. (SBU) In an effort to break the PRI's hold on the state, the PAN and Convergencia are discussing forming an alliance, possibly to include the Party of the Democratic Revolution (PRD) and the Workers' Party (PT), for next year's election. Similar alliances are under discussion in other PRI-controlled states like Oaxaca, Hidalgo, and Puebla and are likely seen by national-level officials of these parties as a way to interrupt the PRI's momentum ahead of 2012. Despite the apparent contradictions on the face of such an alliance, these parties from the left and the right appear willing to put ideology aside in the interest of unseating the PRI. Tension will likely arise, however, over candidate selection, as both PAN and Convergencia officials want the nomination. Moreover, a lack of unity within the PAN, which has four pre-candidates, may also complicate the formation of an alliance. PAN leaders insist, however, that their preferred candidate, federal State Employees' Social Security and Services Institute (ISSSTE) Director Miguel Angel Yunes, could carry the alliance to victory because of his statewide popularity stemming, ironically, from his tenure as a state and federal PRI congressman. In fact, PAN officials and some observers predict Governor Herrera, who harbors a deep personal animosity toward Yunes, will try to put Yunes in prison if he emerges as the candidate for the PAN or the alliance.

Painting Over the Cracks on Security

16. (SBU) The primary security issue in Veracruz is common crime, not organized crime, according to state security

officials, the Attorney General, and the President of the State Human Rights Commission. They claim threats from Zetas reported last year have subsided, and the Director of the State Security Council, Ruben Dario Mendiola, says Veracruz is the fourth safest state in the country; the administration is planning a public relations campaign to educate citizens of this fact and highlight administration efforts on the security front. When asked about key security challenges, Dario went on at length about telephone extortion attempts and downplayed the presence of organized crime, despite other reports Poloff had seen regarding the importance of Veracruz as a drug transit and shipment zone. In a meeting with the Veracruz Attorney General, Salvador Mikel Rivera, to discuss judicial reform and security challenges, Mikel echoed other officials' statements that organized crime is not a major threat in Veracruz. He also highlighted the state's progress on judicial reform, which seem limited compared to other states. Mikel said Veracruz has passed the necessary judicial reform legislation but claimed implementation has yet to begin because of a lack of funding and resistance by some within the judiciary. He also claimed law curricula are already being adjusted in schools across the state--a point disputed by academics--and that the entire process will require at least six more years to complete. Prior to the current reforms, Veracruz had made some progress on expanding indigenous justice systems and alternative resolution mechanisms, both of which will be reconciled with the new law as it is implemented.

17. (SBU) Poloff toured the state's C-4 Center (Control, Command, Communications, and Computation), which officials claim has been in operation since 2002. The Veracruz C-4 appears to be a glorified emergency call center, not a center for coordinating state security operations and responses. Poloff toured the call centers for the state emergency response numbers (one for anonymous and one for traceable calls), and both seemed to be relatively modern, with operators also conducting analyses of where crimes were taking place and plotting the information on graphs and maps.

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Operators also watch video screens with images from cameras across the capital, and Dario said there are cameras in other cities across the state monitored by six other call centers. The cameras are a tool for crime prevention, investigations, and monitoring traffic--a technician can control traffic lights across the city if necessary.

18. (SBU) Poloff also toured the new Center for Confidence Control, where state security officials will be vetted and applicants assessed for security-related positions. The center will come online in January, but the equipment and staff are in place, despite repeated claims of a lack of funding. The center has a staff of at least 30 people, most of whom were idly passing the day when Poloff toured the facility. The center's new equipment includes an in-house medical laboratory, video cameras and high definition televisions for monitoring polygraph sessions, and bays of computers for employees and applicants. The center is awaiting the arrival of polygraphers in training in Mexico City at the Center for Research and National Security (CISEN), and Dario asked that the Embassy put Veracruz at the top of the list as we assist with training under the Merida Initiative. Some 27,000 officials from across the state will be vetted in the center over the next four years, and the 10,000 who have already been assessed by the Attorney General's office will be re-vetted, as only this center can legally certify qualification for employment in security-related positions in the state. While the premise of the center and its construction and staffing are laudable, several contacts during Poloff's visit warned that the political appointment of the head of the center could undermine the vetting process and make the center vulnerable to corruption.

Roiled by Recession, Lightly Buffered by Key Sectors

¶9. (SBU) Veracruz has been hit hard by the recession, but Antonio Luna Rosales, the representative of the federal Secretariat of Economy in Veracruz, told Poloff Veracruz has been partly spared. Veracruz is not as reliant on manufacturing and exports to the US as some northern states and has relied on its production of primary goods--mainly oil and foodstuffs to weather the crisis. Veracruz is Mexico's leading producer of coffee, bananas, limes, pineapples, and oranges. Like other states, Veracruz collects little in the way of taxes, and at least 90 percent of the state budget comes from the federal government. Civil society, opposition politicians, and some PRI politicians are concerned about the state's spiraling debt, which has gone from zero to nearly \$3 billion USD during Herrera's term, according to local political analysts and press reports.

¶10. (SBU) Oil deposits in the north near Chicontepec and on the Gulf of Mexico are a mixed blessing for Veracruz, providing something of an economic buffer but also tying the state to the trials and tribulations of the poorly run state oil company. Veracruz also has a refinery in the south and Mexico's only nuclear power plant on the coast in the north. However, much of the oil, electricity, and agricultural products are destined for consumption or processing in other parts of the country. Officials repeatedly lamented this fact but offered little in the way of ideas--besides demanding more money from the federal government--to leverage the state's economic advantages to increase development and promote growth. Around 50 percent of the state's population of seven million lives in poverty, and state and federal officials claim to be attempting to fight increased unemployment and poverty by building infrastructure and promoting investment. Jose Yunes Zorrila, who serves as president of the social development committee in the federal Chamber of Deputies, told Poloff he is not sure he can do anything specific for Veracruz to improve social development. Yunes may even run into opposition from Governor Herrera because he is planning to seek the PRI gubernatorial nomination next year.

Lackluster Performance on Human Rights and Trafficking

¶11. (SBU) Veracruz officials claim trafficking is not a serious problem in the state despite Embassy trafficking in

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persons (TIP) officials citing it as one of the states with the highest incidences of TIP. Officials acknowledge the presence of traffickers moving immigrants from Central America to the US but assured Poloff that trafficking involving women and children destined for industries in which they will be exploited is not an issue in Veracruz. The president of the State Human Rights Commission, Nohemi Quirazco Hernandez, told Poloff that violations involving women and children mostly include cases of indigenous citizens--up to a million people--participating in "cultural practices" such as selling young daughters. Local PRI deputy Dalia Perez Castaneda disagreed, asserting that trafficking in persons is a major problem in Veracruz, with women and children from Central America and southern Mexico trafficked through the state to the US border or to Mexico's resort areas on the Yucatan Peninsula.

¶12. (SBU) Quirazco told Poloff her commission issued nearly 40 recommendations last year, all of which the state government complied. Quirazco said Veracruz does not experience many human rights complaints and has only limited problems stemming from the military deployment to the state. She claimed her office maintains its autonomy and that she is free to issue recommendations as she sees fit, but her admission that the state government cut her budget by more than half calls into question her assertion of complete autonomy. Given the political environment in the state and

Quirazco's tenure as the Secretary of Government for the previous PRI administration, it would not be surprising if the commission were affected by government pressure and politics before and during the recommendation process.

Limited Operating Space for NGOs and Civil Society

¶13. (SBU) Poloff spoke with leaders of two local private universities and officials from an NGO focused on water conservation and sanitation issues, all of whom expressed reservations about the ability of civil society to operate freely in Veracruz. The leader of one university claimed state officials shut down his school for political reasons but covered their tracks by citing the violation of an administrative code. Both academics said universities are pressured to avoid criticizing the government, and the state subsidizes universities it deems friendly to the administration. The head of the NGO said his organization operates freely but only because it focuses on a relatively nonpolitical issue. The governor attends some of the group's functions, but the organization does not appear to be politicized like many of the other NGOs in the state.

Corruption, Clientelism, and Control

¶14. (SBU) Beyond Herrera's efforts to impose his hand-selected candidate and expand PRI control in Veracruz, Poloff heard about several troubling trends that could be considered threats to democracy and a regression to old-style PRI rule. Multiple contacts accused the Herrera administration of clientelism and patronage, including co-opting universities and taxi drivers in the capital; corruption, to the point of calling the governor a Zeta; buying off the state's newspapers; and intimidating opposition parties by tapping their officials' phones and instructing state officials to drag their feet on any grievances filed against the PRI or the state government.

¶15. (SBU) Veracruz PAN officials allege that criminals associated with the government stole the party's election materials days before campaigning began for July's midterm elections. State police and judicial officials assigned to the case allegedly failed to investigate, deeming it a "self-robbery." The PAN officials also claim government officials took PAN election observers to jail on trumped-up charges and that the PRI accused them of voter harassment and vote-rigging in the latest election, when in fact it was the PRI that was guilty of such acts. Herrera has also stacked the state electoral tribunal with his supporters, they say, making it virtually impossible to file election-related cases. In an effort to discredit Miguel Angel Yunes, a potential PAN gubernatorial candidate, Secretary of Government Escobar told Poloff that Yunes is a pedophile and

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has ties to narcotraffickers. The Secretary went so far as to give Poloff a copy of the book outlining the pedophilia allegations, marking the page with Yunes' picture with his own business card.

Comment

¶16. (SBU) All eyes in Veracruz, including--most importantly--those of Governor Herrera, are focused on next year's race for governor and the impact of that race on the 2012 presidential election. In terms of raw numbers, an alliance among the opposition parties could unseat Herrera and the PRI. The likelihood of an alliance, however, is uncertain at this point because its prospective members have yet to reach a deal. Herrera will take seriously any threat to PRI dominance in the state and crank up the well-oiled PRI machinery accordingly. The developments in Veracruz over the next year will be instructive, both for the viability of an

opposition alliance in other states across Mexico and for the strategies used by the PRI to regain control across the country. However, even if Herrera pulls off a victory in 2010 and pursues his national aspirations, national level PRI dynamics will likely relegate him to the role of a dealmaker during the selection of the PRI candidate for 2012, rather than a candidate himself.

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